

ADMINISTRATION AND FINANCE COMMITTEE

DATE: November 21, 2006

CALLED TO ORDER: 5:08 p.m.

ADJOURNED: 5:44 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chair
Vernon Brown
Lynn McWhirter
Jackie Nytes
Lincoln Plowman

Absent Members

Paul Bateman
Becky Langsford

AGENDA

PROPOSAL NO. 595, 2006 - approves a transfer of \$33,608 in the 2006 Budget of the Marion County Treasurer (County General Fund) to cover expected shortfalls in personal services, supplies and capital expenses for the remainder of 2006

“Do Pass”

Vote 4-0

Invest in Indianapolis Phase II – A Fiscal Plan for 2006 to 2010 – presented by Roland Dorson, President, Indianapolis Chamber of Commerce

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, November 21, 2006. Chair Joanne Sanders called the meeting to order at 5:08 p.m. with the following members present: Vernon Brown, Lynn McWhirter, and Lincoln Plowman. Jackie Nytes arrived shortly thereafter. Absent were Councillors Paul Bateman and Becky Langsford.

PROPOSAL NO. 595, 2006 - approves a transfer of \$33,608 in the 2006 Budget of the Marion County Treasurer (County General Fund) to cover expected shortfalls in personal services, supplies and capital expenses for the remainder of 2006

Mike Rodman, County Treasurer, said that the Treasurer's Office will exceed its interest earned for the year by several million dollars. Bob Clifford, City Controller, said that it will be twice as much as what is in the original budget, but the forecast of available funds for the 2007 budget has been revised. Chair Sanders said that the Council appreciates the efforts made by Mr. Rodman to invest money wisely and accrue significant interest earnings. Mr. Rodman said that the Treasurer's Office will also be under-budget on expenses, and they will be returning money to the General Fund.

Tom Creasser, Chief Deputy Treasurer, said that the transfer request includes \$25,000 for Health Insurance costs that were higher than what was budgeted, \$7,000 for Character 02 supplies, and \$1,608 to replace cash register drawers. He said that the funds will transfer out of Character 03.

Councillor Brown moved, seconded by Councillor McWhirter, to forward Proposal No. 595, 2006 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 4-0.

Invest in Indianapolis Phase II – A Fiscal Plan for 2006 to 2010 – presented by Roland Dorson, President, Indianapolis Chamber of Commerce

[Clerk's note: Councillor Nytes arrived at this time, 5:14 p.m.]

Mr. Dorson said that this plan is an outgrowth of the Indianapolis Chamber of Commerce's Marion County Tax Alliance to look at the fiscal structure of Marion County. He distributed a copy of the PowerPoint presentation (Exhibit A) and a copy of the Invest in Indianapolis Phase II report (Exhibit B) [Clerk's note: Both Exhibits A and B are on file in the Council office with the original set of minutes.] The Executive Summary of the report is included in Exhibit B and attached as Exhibit C. Mr. Dorson's presentation included the following key points:

- The purpose of the report
- The need for the report
- The list of interviewees that contributed to the report
- Background and understanding of the report
- Major challenges
- Financial Forecast
- Major Impact Ideas
- Recommendations

Councillor Nytes asked if the numbers on Page 5 of Exhibit A are new spending that would be anticipated. Mr. Dorson answered in the affirmative and stated that the carryout to 2010 reflects a shortfall of over \$100 million.

Mr. Clifford said that the report was finished by the Chamber in May or June of 2006, and the projected increased expenditures are now more than those reflected in the report. He said that spending has increased in the Criminal Justice and Public Safety area by about \$42 million this year, which makes the numbers look worse.

Mr. Dorson said that the graphs on Page 7 of Exhibit A reflect the drop off in property tax supported funds versus expenditures. He said that the gap continues and will grow wider. Councillor Nytes asked why there is the decrease in fund balances. She said that if all the fund balances are wiped out this year, what assumption is made to obtain the results of the graph. Mr. Dorson said that the key assumptions were listed on Page 6 of Exhibit A. Councillor Nytes asked if it was assumed that tax rates would never change. Mr. Dorson answered in the affirmative. Mr. Clifford said that it was assumed that there would be some growth in the assessed valuation and that the City County would not make up for the loss of inventory tax as a worst case scenario. He said as part of the study, it was also assumed that fund balances or reserves were set at approximately ten percent. Mr. Dorson said that the Chamber tried to be as conservative as possible in the study. Chair Sanders asked if either Mr. Clifford or Mr. Dorson knew in recent history when the fund balance was at ten percent. Mr. Clifford answered that it was possibly around the mid 1990's.

Mr. Dorson said that Page 8 of Exhibit A reflects the ideas that were explored and added that they tried to examine everything. He said that some ideas were not pursued because of political viability, or the numbers were not big enough to address the issue.

Councillor Nytes asked if the Indiana General Assembly were to transfer funds for the Child Services Fund to the State of Indiana, if that would free up opportunities for the Council to reallocate the local resources to other challenges or if it would be a reason to immediately cut taxes. Mr. Dorson answered that it would be up to the Council as priorities are examined. Chair Sanders asked if there was any clamoring for the transfer of responsibility for Child Services to the State since today was Organization Day and many of the initiatives for the next General Assembly were being touted. Mr. Dorson answered that he believes that there is increasing awareness of the need for the General Assembly to allow local government to handle local needs.

Mr. Dorson said that the Chamber wants the community to engage in the discussion along with the Council and for the community to understand how significant the issue is.

Chair Sanders asked if there is an estimate of what an additional .25% of County Option Income Tax (COIT) would amount to if the legislature chose to provide that option to counties. Mr. Dorson answered in the negative, but stated that the COIT revenue would target where one works and not where one lives. Mr. Clifford said that currently each tenth of a percent of COIT brings approximately \$15 million to the city and the county government. He said that it would

be about \$17 million without sharing it with the townships and consolidated cities; therefore it would amount to about \$42 million.

Councillor McWhirter asked if everyone, regardless of where they live or work, would be charged .25%, which would go to the county in which they work. Mr. Dorson answered that if someone lives in Hendricks County but worked in Marion County, .25% of their income tax would stay in Marion County.

Councillor Brown asked if someone lived in Marion County but worked in Hendricks County, would .25% of their income tax stay in Hendricks County. Mr. Dorson answered that the Chamber believes in a regional approach and would like to see the scenario work both ways. Councillor Brown asked if there will also be a regional hotel/motel tax increase. Mr. Dorson answered that the idea was one that the Chamber did not recommend, but he thinks that it is worth a discussion. Mark Fisher, Business Advocacy Manager, Indianapolis Chamber of Commerce, stated that the problem with increasing the hotel/motel tax is that the Innkeepers Tax increase would only generate a small amount of new revenue. The Chamber is looking for more of a big hit in recommending solutions.

Mr. Dorson said that he hopes that this plan creates a place of economic opportunity with the richness and hue of the world where his children will stay or come back after completing school.

Councillor Nytes asked if the report includes any ideas on transportation. Mr. Dorson said that the scope of this report is as narrow as possible. He said there are other topics to address, such as schools, but there are greater challenges when including broader topics.

Chair Sanders said that transportation is one of the focuses that she has been working on in the last couple of years, and stated that she does not believe that it receives the play that it should. She said that the Regional Transportation Authority has been working in an effort to look at alternative transportation and seek resources that can be shared throughout Central Indiana and possibly beyond. She said that she hopes that the Chamber remains engaged in transportation discussions. Mr. Dorson said that there is much work to be done, and it is the belief of the Chamber that ideas in this plan will lead to the foundation of addressing Mass Transit and other issues.

Mr. Clifford said that the Controller's Office is working on a five-year plan implementing alternatives to the recommendations made by the Chamber in the report. He said that the Chamber's recommendations make good business sense. Chair Sanders said that she applauds efficiency and understands that there are business practices that can be brought to government, but she wants to remind everyone that the Council is a government entity and not a business. Therefore, she said that, in her opinion, business principles cannot always be applied.

Mr. Clifford agreed and said that about 60% of the total billion dollar budget goes toward Public Safety and Criminal Justice, 20% + goes to Public Works, and about 10% is Child Services; therefore, only about 7% is able to go towards discretionary spending. He said that about 50% of the City's costs are personnel related, including payroll and payroll related expenses. He said

that the challenge is that it is very difficult for the City to provide a Police Force and Fire Department without those people.

Mr. Dorson said that the Chamber has had discussion with the Governor's Office and the Mayor's Office and is talking to Legislators encouraging consideration of things that require statutory change.

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 5:44 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee

JMS/nsm